Government of
Saskatchewan

Annual Report
1986-87

Saskatchewan
Health
Prescription Drug
Plan

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To The Honourable Frederick W. Johnson,
Lieutenant Governor of Saskatchewan

May it please Your Honour:

In accordance with Section 8(3)(e) of The Prescription Drugs Act, I am pleased to present the Annual Report of the Prescription Drug Plan for the period of April 1, 1986 to March 31, 1987.

Respectfully submitted,

George McLeod,
Minister of Health

George McLeod,
Minister of Health

To The Honourable George McLeod,
Minister of Health

Sir:

I am pleased to present herewith the Annual Report of the Prescription Drug Plan for the fiscal year ending March 31, 1987.

Respectfully submitted,

Walter Podiluk,
Deputy Minister
of Health

Walter Podiluk,
Deputy Minister
of Health

George H. Loewen,
Associate Deputy
Minister of Health

R. J. (Ron) Waschuk,
Executive Director,
Prescription Drug Plan

Objectives of the Prescription Drug Plan

The Prescription Drug Plan was established to:

1. Reduce the direct cost of prescription drugs to Saskatchewan residents.
2. Provide coverage to Saskatchewan residents for quality pharmaceutical products of proven therapeutic effectiveness.
3. Reduce the cost of drug materials by encouraging effective price competition and quantity discounts.
4. Encourage the rational use of prescription drugs through research, consultation with professional associations, and educational programs directed at physicians, pharmacists and the general public.

History

1. The Prescription Drug Plan began providing benefits on September 1, 1975.
2. In addition to drugs listed in the formulary, certain drugs were granted "exception status" if specific criteria were met.
3. Since January, 1976, some nutritional products have been covered where specific criteria have been met.
4. As of April, 1981, the Prescription Drug Plan became the paying agent for the Medical Services Division (MSD) and Saskatchewan Aids to Independent Living (SAIL). Payment is made to pharmacies for non-formulary prescription drugs that are benefits of these two agencies.
5. Liquid oxygen became a benefit in November, 1983.

Background to the Prescription Drug Plan

The Prescription Drug Plan was designed in consultation with physicians, pharmacists and pharmaceutical wholesalers.

Some of the major design criteria of the Prescription Drug Plan were:

1. The consumer should pay a portion of the cost of each prescription.
2. A drug formulary system should be used. Only drugs proven to be therapeutically effective and made by competent manufacturers should be covered.
3. The existing wholesale and pharmacy retail distribution system should be used.

The enabling legislation for the Prescription Drug Plan, The Prescription Drugs Act, was assented to on May 10, 1974.

The Plan in Brief

All Saskatchewan residents who hold valid Saskatchewan Health Services cards, except those who have prescription costs paid by another government agency, are eligible for benefits under the Prescription Drug Plan.

Drugs covered by the Prescription Drug Plan must be prescribed by a licensed physician or dentist and be listed in the Saskatchewan Formulary.

The range of drugs listed in the formulary enables physicians to select appropriate courses of therapy for most patients. Drugs are under continual review, and additional drugs are added to the Saskatchewan Formulary if they meet the standards established by the Saskatchewan Formulary Committee.

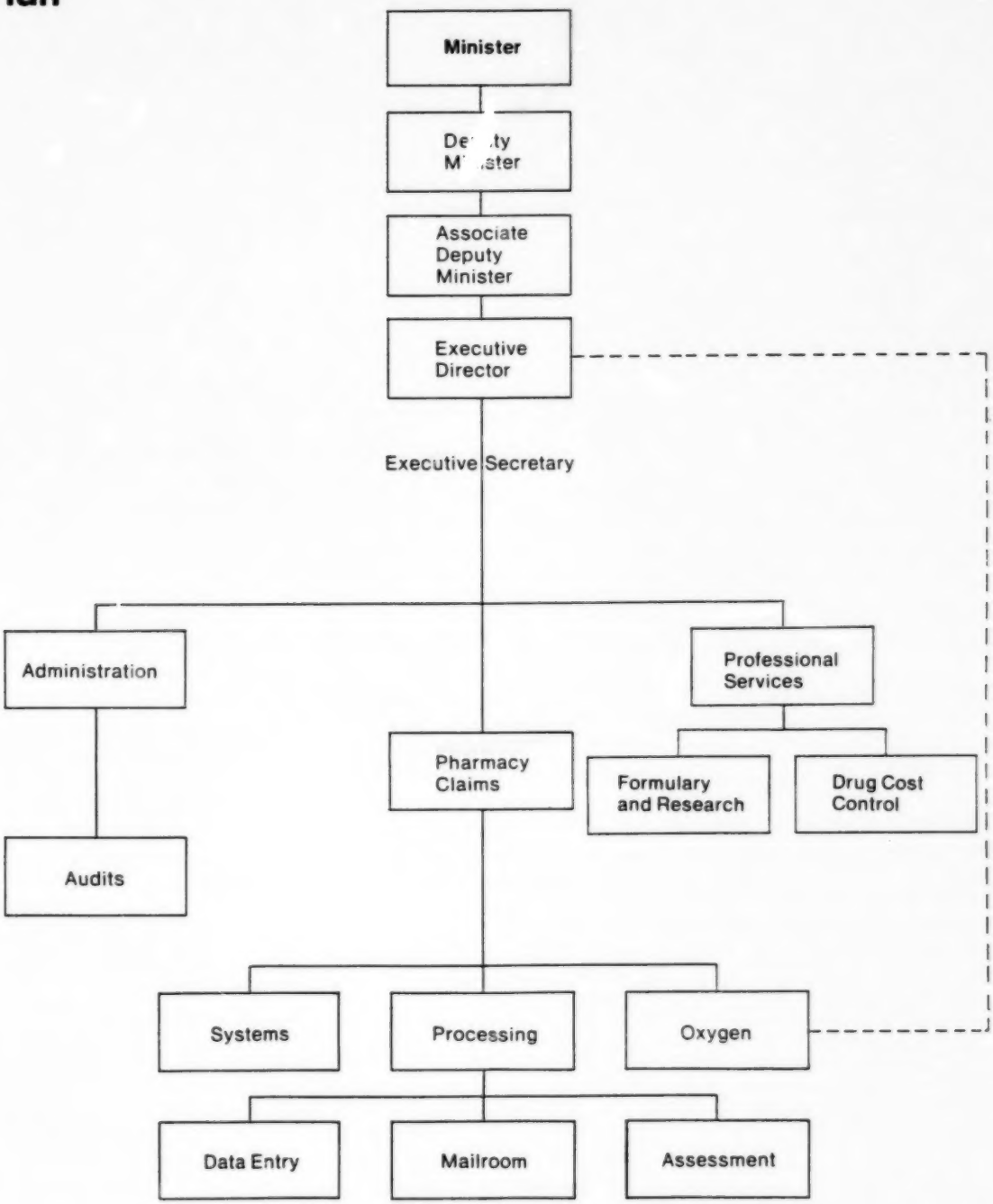
Consumers pay a maximum of $3.95 per prescription (as of January 2, 1984) for drugs covered by the Prescription Drug Plan.

The Prescription Drug Plan provides staff support services to the Saskatchewan Formulary Committee, the Drug Quality Assessment Committee, and the Joint Committee on Drug Utilization.

Highlights for 1986-87

- Ninety-five percent of Saskatchewan residents were eligible for coverage under the Prescription Drug Plan.
- Seventy-three percent of the eligible population received benefits.
- On average, 7.9 prescriptions were dispensed to each active beneficiary.
- On average, 13.6 prescriptions were dispensed to each active family.
- The Prescription Drug Plan made payments on behalf of 420,708 active families at an average of $187.46 per family. This includes Inventory Cost Allowance of $5.75.
- Beneficiaries paid an average of only 20% of the total prescription costs.
- There was 5.7 million claims processed in the fiscal year.
- Net Prescription Drug Plan payments for formulary drugs increased from 65.3 million dollars in 1985/86 to 79.1 million dollars. These figures include inventory cost allowance.
- The Prescription Drug Plan provided benefits for oxygen, Exception Status drugs and nutritional products.
- Two editions of the Saskatchewan Formulary were published with 55 new products added, bringing the total number of drug products listed to 1,748.
- Two editions of the Saskatchewan Formulary Bulletin were released during the year. Both of these presented information about new products added to the Formulary.
- There were over 1,700 prescribers of formulary drugs. Of these, 634 prescribed between 20 and 499 prescriptions paid by the Prescription Drug Plan and 146 prescribed more than 10,000 prescriptions each.
- In consultation with the Saskatchewan Pharmaceutical Association, it was agreed to raise the dispensing fee for drugs to $5.49. To offset the high cost of carrying inventory in pharmacies, the inventory cost allowance increased to $0.4090 on April 1, 1986, and to $0.4624 on October 1, 1986.
- During the year, 71 pharmacies transmitted over 1,375,042 claims via telecommunications.
- During the year, through the Prescription Drug Plan, the Department of Health provided funding for:
  a) the Roving Professorship Program which brought information on current drug therapy to physicians in smaller communities throughout the province.
  b) the Dial Access Drug Information Service, a province wide drug information service for health professionals.
- The Joint Committee on Drug Utilization released Report No. 12 — "Use of Anti-Infectives" and Report No. 13 — "Drug Adverse Event Reporting in Saskatchewan".
- The Prescription Drug Plan received over 300 requests for information from physicians, researchers and drug manufacturers.
- Information from the data base has been used to fulfill research requests from a variety of sources.
- Of all the prescriptions where a choice of brand is available, it appears that only 62% are filled with the most economical alternative.

Organization of the Saskatchewan Prescription Drug Plan



Administrative Organization

On October 6, 1986, the Prescription Drug Plan was reorganized to consolidate the previous six divisions into four.

The Contracts Division, Formulary and Education Division, and the Research Services portion of the Program Evaluation Division were amalgamated into the Professional Services Division. The evaluative services portion of Program Evaluation was incorporated into the Administration Division.

Executive Administration

The Executive Administration is responsible for the overall management of the Prescription Drug Plan. The Executive Director serves as the principal contact on matters of policy and procedures with representatives of pharmacy, medicine, drug wholesalers and drug manufacturers, as well as related sectors in other provincial governments and the federal government.

Administration Division

The Administration Division is responsible for: developing and implementing the administrative policies and procedures; maintaining the Drug Plan data base; specification and production of statistical information; preparation of the Annual Report; and evaluation of program performance.

The division's functions include: budget preparation and monitoring; space, property and supply management; pharmacy audit; processing of revenue accounts and expenditures (excluding computerized pharmacy claims); ensuring pharmacies receive payment; processing of manual claims payment; preparation of reports, materials and financial data for year end statements; other administrative functions.

The division provides support services to other Prescription Drug Plan Divisions including: personnel management; team typing; productivity co-ordination.

The Audit Section conducts post-audits of pharmacy claims to ensure compliance with the Pharmacy Contract.

Pharmacy Claims Division

The objectives of the Pharmacy Claims Division are to: provide accurate and prompt payment; maintain efficiency and cost-effective operation and processing; maintain credibility with the pharmacist.

The Pharmacy Claims Division is responsible for the processing and payment of accounts submitted by participating pharmacies. These accounts are submitted both by paper claim forms and telecommunications.

The computer services necessary for the processing of claims are co-ordinated by this division and supplied by the Systems Division, Saskatchewan Property Management Corporation, the Saskatchewan Computer Utility Corporation and the Saskatchewan Hospital Services Plan.

The processing and payment of pharmacy claims involve the combined efforts of several sections in the Pharmacy Claims Division. The Systems Section provides analysis and detail design for changes to manual and computer processing of claims. This section also has responsibility for systems control measures and implementation and testing of system and computer program changes.

The Processing Section is made up of three units. The Mail Room Unit receives and screens incoming claims. The Data Entry Unit transfers the information from these claims to magnetic tape to enable computer processing of accounts. The routine assessment and approval of accounts for payment are performed by computer. Each claim is checked against stored information to determine whether it can be approved for payment. Claims which are not approved for payment are rejected for manual review. Those which require clarification or interpretation are sent to the Assessment Unit.

The Pharmacy Claims Division is responsible for communication with pharmacies regarding Prescription Drug Plan operations. The division issues periodic bulletins to pharmacies and maintains the Pharmacy Manual. These items provide pharmacies with current statements of Prescription Drug Plan policy and information on submission and processing of claims. The division also randomly selects claims for verification by the beneficiary. This ensures compliance with the Pharmacy Contract.

The number of prescriptions processed per employee in the Claims Division has increased from 102,135 in the 1981-82 fiscal year to 163,284 claims in the current fiscal year.

Professional Services Division

The Professional Services Division is responsible for all matters related to the selection, assurance of quality, acquisition and review of use of all drugs covered by the Prescription Drug Plan. The division is also responsible for communications with consumers, prescribers and pharmacists in matters related to informed, responsible drug use.

This division is comprised of three units, the Formulary and Education Unit, the Drug Cost Control Unit, and the Research Unit.

The functions of the Formulary and Education Unit include: providing staff support services to the Drug Quality Assessment Committee and the Saskatchewan Formulary Committee in the review of products under consideration for listing in the Formulary; forwarding the recommendations of the Saskatchewan Formulary Committee regarding listing (or de-listing) of products and designation of interchangeable status; publishing the Saskatchewan Formulary; maintaining surveillance of drug quality; encouraging rational use of drugs by developing and supporting education programs and services for consumers, physicians and pharmacists; reviewing requests from physicians and authorizing special categories of drug coverage (for example, Exception Drug Status, Saskatchewan Assistance Plan, Plan Two coverage) when appropriate.

The Drug Cost Control Unit is responsible for ensuring that pharmacies have available to them a continuous supply of quality drugs at reasonable prices. It arranges for the acquisition and distribution of drug products listed in the Saskatchewan Formulary by the tendering of Standing Offer Contracts for commonly used products and establishment of Maximum Allowable Costs in other cases. It also partakes in the negotiation of contracts with distributors, and the ongoing surveillance of manufacturers to ensure compliance with acceptable standards of marketing practice.

This unit is also responsible for the production and distribution of the Saskatchewan Formulary, and provides support services to the Saskatchewan Formulary Committee in the evaluation of drug costs and preparation of use/cost analysis reports.

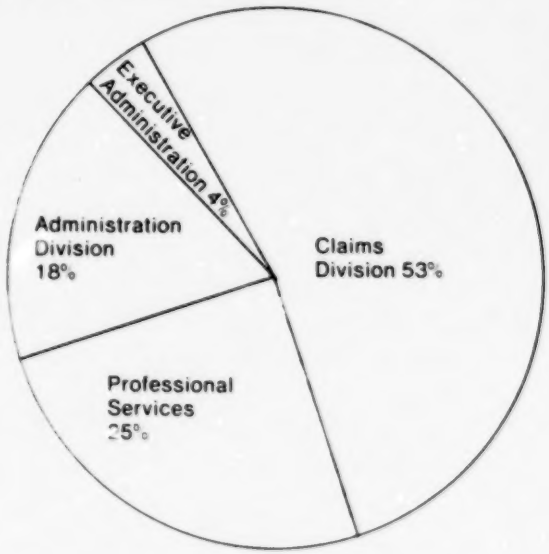
The Research Unit provides support services to the Joint Committee on Drug Utilization. These include research into the use of drugs, comparison of Saskatchewan data with reports of studies in other areas, and the preparation of background information for review by the Committee.

The Unit initiates, directs, and coordinates research projects using the Prescription Drug Plan claims data. These projects include in-house drug use studies and international multi-sector collaborative research projects. The unit administers the Drug Plan policy and program for release of information, providing assurance that all requirements for confidentiality are respected.

The unit is also responsible for the provision of advisory or consultative services to other Saskatchewan Health branches and outside agencies in matters related to drug use and/or pharmacy services.

Administrative Disbursements

Figure 1. Administrative Disbursements



The total administrative costs for the fiscal year are separated by division in the figure above. The percent allocated to each division is indicated. The figure illustrates that 22% of these disbursements (approximately .05% of total program costs) are used to administer the program. For ease of discussion the divisions and their general functions appear to be distinct, however, the overall efficiency of the Prescription Drug Plan depends on interdependence of all the divisions.

Benefits of the Prescription Drug Plan

With the exception of insulin and urine testing agents, a prescription from a physician or dentist is required for all drugs covered by the Prescription Drug Plan.

Benefits of the Prescription Drug Plan include all products listed in the Saskatchewan Formulary, certain products eligible for Exception Drug Status coverage, medical oxygen, and some nutritional products.

Formulary Drugs

All drugs listed in the Saskatchewan Formulary are benefits under the Prescription Drug Plan.

Exception Drug Status

Drugs not listed in the Saskatchewan Formulary may be covered by the Prescription Drug Plan as "exception drugs" if one of the following criteria is met:

1. The drug is ordinarily administered only to hospital in-patients and is being administered to non-hospitalized patients because of unusual circumstances;
2. The drug is not ordinarily prescribed or administered in Saskatchewan, but is being prescribed because it is required in the diagnosis or treatment of a patient having an illness, disability, or condition rarely found in this province;
3. The drug is infrequently used because formulary preparations are usually effective, but are contraindicated or found to be ineffective because of the clinical condition of the patient;
4. The drug is a therapeutically effective over-the-counter (OTC) product normally available without prescription at reasonable cost, but is required in large quantities or for extended periods of time;
5. The drug has been deleted from the Formulary but is required by patients who were previously stabilized on the drug;

Requests for Exception Drug Status must be made by a physician or dentist. Requests may be mailed or telephoned. A 24 hour toll-free line is provided by the Prescription Drug Plan.

Patients approved for Exception Drug Status coverage are provided with an authorization card to be presented when obtaining the drug.

The patient is responsible for the normal prescription charge. The pharmacist bills the Prescription Drug Plan in the same manner as for formulary drugs.

Nutritional Products

The Prescription Drug Plan provides assistance with the cost of certain nutritional products when certain disease states prevent the use of normal foods. Requests for coverage must be made by a physician and supported by a dietician's report.

If coverage is approved, a patient will be reimbursed 70% of the cost of the product or products approved.

A one-time deductible of $100.00 or an annual deductible of $1,000.00 is applied, depending on the condition being treated.

Medical Oxygen

Medical gaseous oxygen is a benefit under the Prescription Drug Plan for eligible Saskatchewan beneficiaries if prescribed by their physician. Coverage for liquid oxygen is limited to nominations from pulmonary specialists or internists specializing in respiratory diseases.

The Prescription Drug Plan pays for the cost of the oxygen plus transportation costs to the local depot. The patient pays the cost of cylinder rental and local delivery. Saskatchewan Assistance Plan recipients receive 100% assistance for cylinder rental and local delivery.

Out-of-province benefits are limited to any ninety days within a calendar year for residents who have a pre-existing medical condition for which oxygen has been prescribed and for which they are undergoing therapy prior to departure.

Products for Diabetics

Persons with diabetes may obtain insulin, urine testing agents, blood glucose testing agents and oral hypoglycemics as benefits under the Prescription Drug Plan, if those products are listed in the Saskatchewan Formulary.

In order to receive coverage, diabetics require a physician's prescription for blood glucose testing agents and hypoglycemics, but not for insulin and urine testing agents.

Diabetics are entitled to receive up to a 100-day supply of oral hypoglycemics or up to a 34-day supply of blood glucose testing agents for one prescription charge. A reduced prescription charge to a maximum of $1.00 is applied to each package of insulin or urine testing agent.

Over-The-Counter-Products

With few exceptions, over-the-counter (OTC) products are not benefits under the Prescription Drug Plan.

The Saskatchewan Formulary

The Prescription Drug Plan prepares and maintains the Saskatchewan Formulary. The Formulary serves as the list of products covered by the Prescription Drug Plan and as the Interchangeable Drug Index (IDI). Only those products meeting established criteria for high quality and therapeutic effectiveness are accepted for listing.

Drugs listed in the Formulary are under continual review and additions and deletions are made when necessary. A revised edition of the Formulary is published on January 1 and July 1 of each year. The Saskatchewan Formulary Committee is a major resource in the preparation of the Formulary.

The drug material cost of products appearing in the Formulary is listed in accordance with a Standing Offer Contract (SOC) or a quoted Maximum Allowable Cost (MAC), and include the distributors' margin.

Saskatchewan Formulary Committee

The Saskatchewan Formulary Committee is appointed by the Minister of Health to provide advice in the compiling and maintaining of the Saskatchewan Formulary.

The Committee also identifies what products are "interchangeable". Interchangeable products are different brands of the same drug with the same strength and equivalent dosage form. They are equivalent in therapeutic effectiveness and quality.

Part of the Committee's ongoing work is to review new drug products and to re-evaluate listed products in light of new information on their use and effects.

Members of the Saskatchewan Formulary Committee as of March 31, 1987 are:

Mr. M. Wolfe — Acting Chairperson, Saskatchewan Health-Care Association

Dr. A.J. Remillard — College of Pharmacy

Dr. G.E. Johnson — College of Medicine

Mr. N. Shevchuk — Saskatchewan Pharmaceutical Association

Dr. M. Davies — Saskatchewan Medical Association

Dr. D.R. Amies — Saskatchewan Medical Association

Mrs. E. Bayda — Saskatchewan Registered Nurses' Association

Dr. R. West — Saskatchewan Health

Drug Quality Assessment Committee

The Drug Quality Assessment Committee is appointed by the Minister of Health to advise and assist the Saskatchewan Formulary Committee. The members of this committee are knowledgeable in the clinical use of drugs, pharmacology, and drug manufacturing.

The Committee reviews drug products based on information and reports obtained from manufacturers and independent consultants, manufacturing documents and published literature. Representatives of the Committee also visit manufacturing facilities to assess drug production methods and capabilities. Recommendations regarding the clinical effectiveness and quality of products reviewed are submitted to the Saskatchewan Formulary Committee.

Members of the Drug Quality Assessment Committee as of March 31, 1987 are:

Dr. G. E. Johnson — Chairperson

Dr. A. J. Remillard — College of Pharmacy

Dr. D. Zuck — College of Pharmacy

Dr. R. Herman — College of Medicine

Dr. I. Holmes — College of Medicine

Dr. T. W. Wilson — College of Medicine

Dr. A. E. Somerville — Saskatchewan Medical Association

Mr. M. Wolfe — Ex Officio Member

Joint Committee on Drug Utilization

The Joint Committee on Drug Utilization is appointed by the Minister of Health to consider quality of care issues as they pertain to drug use. The Committee's terms of reference are as follows:

1. To identify areas of concern related to drug utilization.
2. To carry out study and analysis related to the concerns identified.
3. To recommend appropriate methods of dealing with concerns related to drug utilization and its impact on the quality of care.
4. To provide information that can be used in educational programs for the public and the health professions.

The Committee may make recommendations to the Minister of Health or to the professional and regulatory bodies represented on the Committee.

One of the Committee's ongoing activities is to assist physicians and pharmacists in monitoring the use of mood-modifying drugs in Saskatchewan. Under this program, a patient's medication profile is released to attending physicians and to the primary pharmacy where that patient's drug use exceeds usually recommended dosages.

The Prescription Drug Plan provides resources and staff support to the Committee.

Members of the Joint Committee on Drug Utilization as of March 31, 1987 are:

Dr. J. Blackburn — Chairperson, College of Pharmacy

Dr. W. L. Albritton — College of Medicine

Dr. T. A. Wigmore — College of Physicians and Surgeons

Dr. J. D. Coucill — Saskatchewan Medical Association

Mr. G. Groves — Saskatchewan Pharmaceutical Association

Ms. H. Durdin — Saskatchewan Registered Nurses' Association

Mr. T. Quinn — Prescription Drug Plan

Eligibility for Coverage

Saskatchewan residents registered with the Saskatchewan Hospital Services Plan are eligible for benefits under the Prescription Drug Plan unless their drug costs are the responsibility of another government or non-government agency.

Exclusions from Coverage

The following categories of persons are not eligible for Prescription Drug Plan coverage:

1. Registered Indians (federal government responsibility)
2. Department of Veterans Affairs beneficiaries
3. Royal Canadian Mounted Police (dependents are covered by the Prescription Drug Plan)
4. Canadian Forces Personnel (dependents are covered by the Prescription Drug Plan)

Cost to Consumer

The consumer pays a maximum of $3.95 per prescription (as of January 2, 1984) for most drugs covered by the Prescription Drug Plan and a maximum of $1.00 per package for insulin and urine testing agents. The balance of the prescription cost is paid by the Prescription Drug Plan. The prescription charge is determined by the Minister of Health.

Saskatchewan Assistance Plan Beneficiaries

Residents receiving benefits through the Saskatchewan Assistance Plan are entitled to Prescription Drug Plan benefits at a reduced prescription charge, or may receive certain drugs at no charge depending on their level of coverage.

a. **Plan One Coverage**

Plan One beneficiaries 18 years or older are entitled to receive insulin, oral hypoglycemics, injectable vitamin B_{12}, allergenic extracts, oral contraceptives and products used in megavitamin therapy at no charge. These beneficiaries pay a reduced prescription charge, to a maximum of $2.00, for all other formulary drugs and Exception Drug Status products.

Beneficiaries under 18 are entitled to receive all formulary drugs, allergenic extracts, megavitamins and approved Exception Drug Status products at no charge.

b. **Plan Two Coverage**

Beneficiaries receiving Plan Two coverage are entitled to receive all formulary drugs, allergenic extracts, megavitamins and approved Exception Drug Status products at no charge.

Plan Two coverage is provided to assist persons who require several drugs on a regular long-term basis. Eligibility for Plan Two coverage is determined on the basis of a physician's review of medication requirements.

c. **Plan Three Coverage**

Plan Three beneficiaries are entitled to receive all formulary drugs and certain non-formulary drugs at no charge. Non-formulary drugs are covered by the Medical Services Division (MSD). MSD also covers the cost of megavitamins and allergenic extracts for Plan One and Plan Two beneficiaries.

Plan Three beneficiaries are Saskatchewan Assistance Plan recipients who live in special-care homes licensed under The Housing and Special-Care Homes Act, Approved Homes licensed under The Mental Health Act, and wards of the government.

SAIL Beneficiaries

Saskatchewan Aids to Independent Living (SAIL) pays for all non-formulary disease-related drugs used by Special Beneficiaries. Special Beneficiaries include paraplegics, persons with cystic fibrosis or persons with chronic renal disease.

Special Beneficiaries are entitled to receive all formulary drugs and prescribed, disease-related non-formulary drugs at no charge.

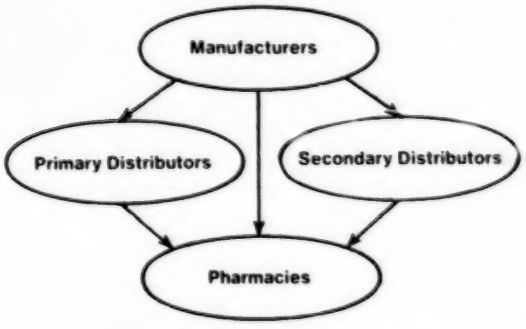
Paying Agency

The Prescription Drug Plan functions as a paying agency for MSD and SAIL for those additional benefits provided to Saskatchewan Assistance Plan beneficiaries and to Special Beneficiaries, respectively.

The appropriate costs are subsequently recovered from MSD and SAIL by the Prescription Drug Plan.

Acquisition and Distribution Network

A continual supply of quality drugs at competitive prices is ensured using the following distribution network:



Distributors purchase drug products from manufacturers and distribute them to pharmacies. Some pharmacies may also purchase directly from the manufacturer.

As of March 31, 1987, there were four (4) distributors serving the province.

Pricing Formulary Products

In order to ensure price stability for the formulary period, the Prescription Drug Plan requires drug manufacturers to provide guaranteed maximum prices for the effective formulary period. The formulary periods are from January 1 to June 30 and July 1 to December 31 of each year. The prices constitute the maximum the Prescription Drug Plan will pay for those products during the specific formulary period.

Some formulary products are grouped in interchangeable categories. The maximum the Prescription Drug Plan will pay for a product within an interchangeable group is determined by one of two methods:

1. **Standing Offer Contract (S.O.C.)**

An S.O.C. is a contract between a manufacturer and the Prescription Drug Plan to supply specific drug products to approved distributors at a contracted price.

The S.O.C. contract may not always go to the lowest bidder or to a single supplier. Other factors, including an allowance to the previous contract holder, ability to meet supply and distribution commitments, and innovator allowance are taken into account.

Once an S.O.C. has been granted, the Prescription Drug Plan will only pay for the S.O.C. drug in an interchangeable category unless the prescriber has specified "no-substitution".

2. **Maximum Allowable Cost (MAC)**

The Prescription Drug Plan will reimburse the pharmacy for its acquisition cost, up to the lowest guaranteed price, for drugs listed in an interchangeable category in the Saskatchewan Formulary, unless a more expensive brand was specified by "no-substitution".

Using the following example and assuming substitution, the M.A.C. would be 1.8¢:

Brand 1	$0.0180
Brand 2	0.0190
Brand 3	0.0235
Brand 4	0.0235
Brand 5	0.0252
Brand 6	0.0410

Participating Pharmacies

All pharmacies participating in the Prescription Drug Plan must sign the Agreement negotiated between Saskatchewan Health and the Saskatchewan Pharmaceutical Association (S.Ph.A.). Pharmacies in Alberta and Manitoba with an established Saskatchewan clientele are also eligible to participate. Saskatchewan physicians in remote communities without pharmacy services may participate by signing the Agreement and obtaining licensure with Saskatchewan Pharmaceutical Association.

At March 31, 1987, there were 368 pharmacies operating within the Prescription Drug Plan. This figure includes 316 retail outlets in the province, 35 in Alberta and Manitoba and 17 dispensing doctors within the province.

Pharmacy Reimbursements

According to the current agreement between Saskatchewan Health and the Saskatchewan Pharmaceutical Association, the pharmacy receives its acquisition cost of drug material, an inventory cost allowance, plus a dispensing fee for each prescription. The dispensing fee varies depending on the volume of prescriptions dispensed by the pharmacy. Effective December 1, 1986, the dispensing fee was $5.49 for the first 15,000, $5.23 for each prescription in excess of 15,000 but not exceeding 25,000 prescriptions and $4.80 for each subsequent prescription in excess of 25,000.

Consumers pay a maximum of $3.95 as their portion of the dispensing fee. The Prescription Drug Plan pays the pharmacy the balance of the dispensing fee, the pharmacy's acquisition cost of the drug material, and the inventory cost allowance. The inventory cost allowance is calculated on a per paid claim basis. On December 1, 1985, the inventory cost allowance was $0.3472 per paid claim. On April 1, 1986, it was increased to $0.4090 and on October 1, 1987 to $0.4624.

For insulin and urine testing agents, the Prescription Drug Plan pays the pharmacy the cost of the drug material, plus a percentage markup (33 1/3% for insulin, 50% for urine testing agents), less a maximum consumer charge of $1.00 for these products.

Between April 1, 1986 and March 31, 1987, the Prescription Drug Plan paid pharmacies a total of $76.4 million for formulary drugs.

Prescription Quantities

The Prescription Drug Plan does not limit the quantities of drugs a physician may prescribe. Physicians determine the course and duration of treatment for their patients.

The Prescription Drug Plan, however, shall not pay for more than a six-month supply of drugs at one time.

The quantity dispensed for one dispensing fee and one prescription charge is determined by the terms of the Agreement in force when the prescription was dispensed.

Product Interchangeability

The Saskatchewan Formulary Committee has identified approximately 300 interchangeable drug groups. Interchangeable products are different brands of the same drug with the same strength and dosage form, and equivalent in therapeutic effectiveness and quality. Their prices, however, can vary widely.

When a prescription is filled for a drug in an interchangeable category, payment is based on the lowest-priced product in that category. For example, assume that an interchangeable group contains the following brands at the unit prices shown:

Brand 1	$0.0180
Brand 2	0.0190
Brand 3	0.0235
Brand 4	0.0235
Brand 5	0.0252
Brand 6	0.0410

If the physician prescribes any brand in this category, the pharmacist will be reimbursed for the drug dispensed to a maximum of 1.8¢ per unit. If, however, Brand 1 has a Standing Offer Contract, the Prescription Drug Plan will not reimburse the pharmacy unless that brand was dispensed.

If the prescriber indicates "no-substitution", the Prescription Drug Plan will pay for the brand specified. If, for example, the prescription was written for Brand 6, "no substitution", the pharmacist would dispense Brand 6 and be reimbursed at a rate of up to 4.1¢ per unit.

Claims Processing

The Prescription Drug Plan provides each pharmacy with specially designed claim forms for the purpose of submitting accounts (claims). Pharmacies with computers have the option of submitting claims through direct telecommunication linkage.

All claims are checked to ensure completeness. Claims information is then transferred to magnetic tape in preparation for issuing payments.

Before an account can be approved for payment, each claim is computer ch cked against the stored information.

In the fiscal year ending March 31, 1987, 5.7 million claims were paid for formulary drugs.

Data Base Information

The Prescription Drug Plan has established policies and guidelines governing access to and use of data base information.

All requests for data base information must be in writing and addressed to the Executive Director of the Prescription Drug Plan.

Statistical Synopsis

Prescription Drug Plan Beneficiaries

On a family unit basis, 420,708 of 498,068 eligible families (83.6%) received prescriptions (Table II). Each active family unit received an average of 13.6 prescriptions; the average Prescription Drug Plan payment on behalf of each active family was $187.46. This includes inventory cost allowance of $5.75.

The covered population of the Prescription Drug Plan as of June 30, 1986 was 989,912. The number of individuals receiving Prescription Drug Plan benefits in the fiscal year was 723,563, or 73.1% of the covered population (Table III). On average, each active beneficiary received 7.9 prescriptions for formulary drugs paid for by the Prescription Drug Plan during the twelve month period, compared to 7.7 prescriptions the previous year.

Prescription Drug Plan beneficiaries were divided into three general categories for statistical purposes: Standard Beneficiaries, Saskatchewan Assistance Plan Recipients and Special Beneficiaries (Table IV). Standard Beneficiaries received 90.9% of prescriptions and were responsible for 90% of the total Prescription Drug Plan payment. Saskatchewan Assistance Plan beneficiaries received 8.7% of all prescriptions and accounted for 9.3% of total expenditures. Special Beneficiaries received 0.4% of all prescriptions and accounted for 0.7% of total expenditures.

Figure 2 presents, by age group, the distribution of Prescription Drug Plan beneficiaries as compared to the eligible population and the percentage of total prescriptions dispensed to each age group. This figure shows that prescription drug utilization increased with age. The highest percent of prescriptions was in the 55 years and older group, particularly those 65 to 75 years. The 65+ age group accounted for 12.9% of the eligible population, represented 15.3% of Prescription Drug Plan active beneficiaries, and received 35.6% of all prescriptions.

Figure 3 presents the percentage of total Prescription Drug Plan prescriptions dispensed to males and females by age group. Females received an average of 7 prescriptions per eligible female beneficiary in the fiscal year compared to 4.6 prescriptions per eligible male beneficiary. When sex-specific drugs such as oral contraceptives were excluded, females received an average of 6.3 prescriptions per eligible beneficiary.

In this fiscal year, 54.8% of the active beneficiaries were female and made up 49.8% of the covered population. Females accounted for 60.3% of all prescriptions (including sex-specific drugs), averaging 8.7 prescriptions per active beneficiary compared to 6.9 prescriptions for active male beneficiaries. For all age groups beyond age 14, females received more prescriptions per active beneficiary.

Figure 2: Active Beneficiaries and Prescriptions Dispensed by Age Groups

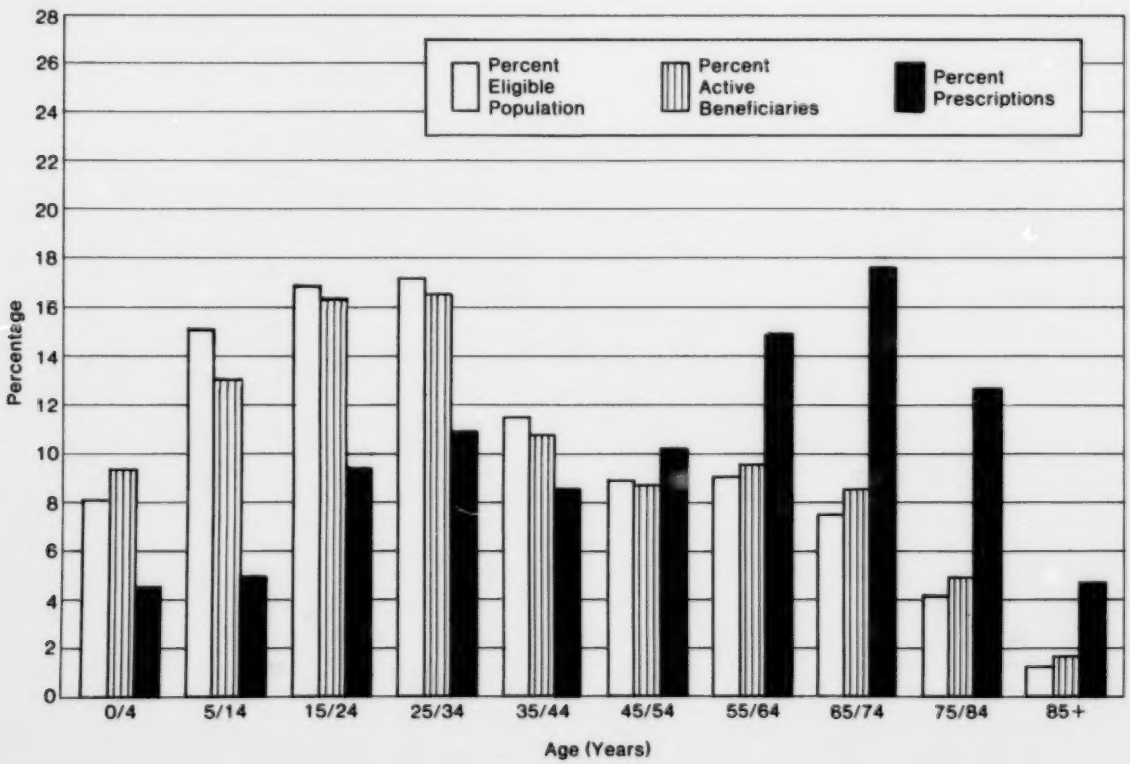
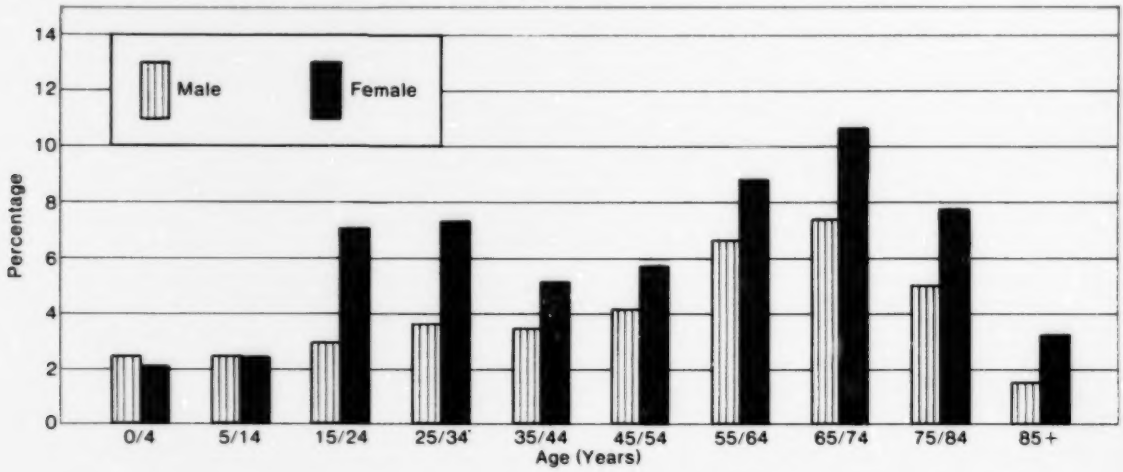


Figure 3: Percentage Total Prescriptions by Sex and Age Group



Drugs

During 1986-87, the Prescription Drug Plan provided coverage for 5.71 million prescriptions compared to 5.45 million prescriptions during 1985-86. This represents a 4.9% increase in prescription volume.

Table V shows prescription volume and Prescription Drug Plan expenditures by Pharmacologic-Therapeutic Classification. Four categories, Central Nervous System (CNS) Drugs, Anti-Infectives, Cardiovascular Drugs, and Hormones and Substitutes, accounted for 71.3% of all prescriptions and 68.8% of all Prescription Drug Plan payment.

Figure 4 shows proportional prescription volume by Pharmacologic-Therapeutic Classification for the last four fiscal years. The proportional prescription volume for CNS Drugs has declined steadily over this time period, while the proportional prescription volume for Hormones and Substitutes and Skin and Mucous Membrane preparations have remained relatively stable. The use of Anti-Infectives and

Figure 4: Prescription Volume by Pharmacologic-Therapeutic Classification

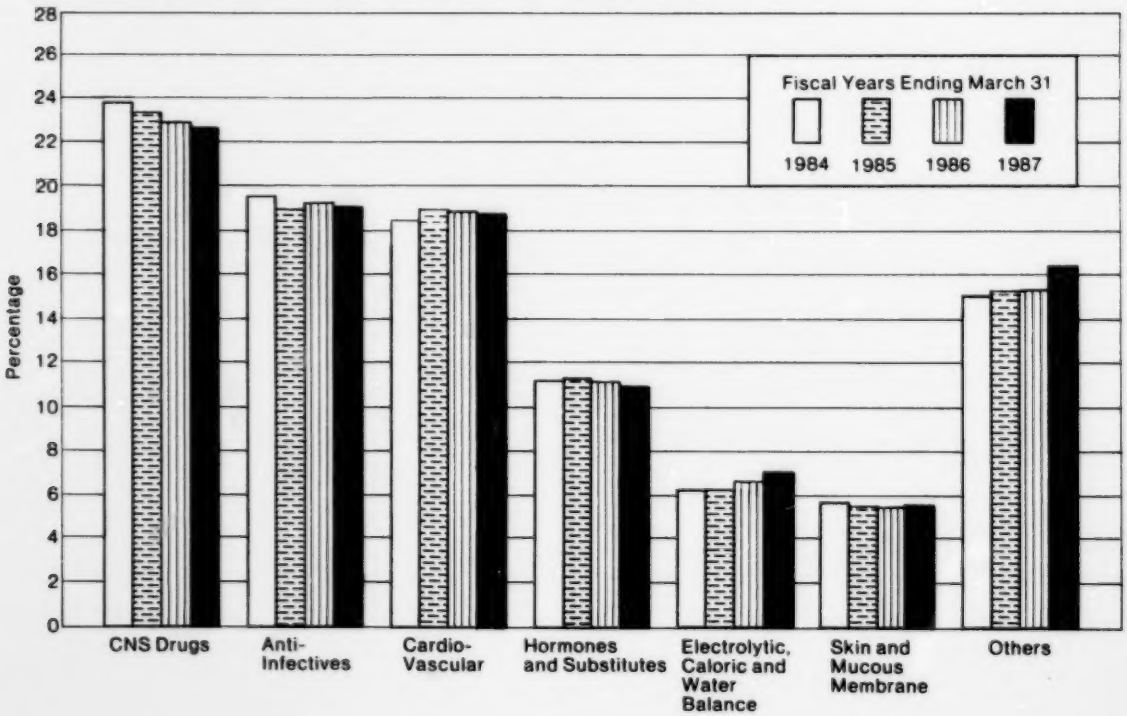
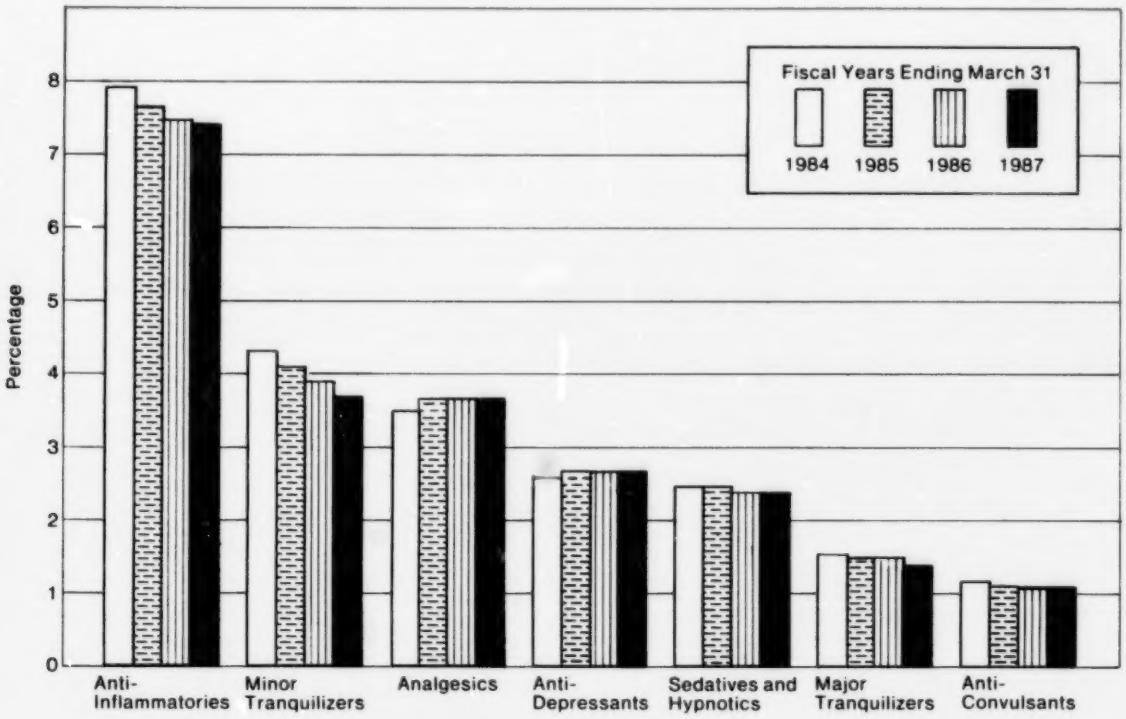


Figure 5: Comparative Prescription Volume: Central Nervous System Drugs



Cardiovascular drugs declined in this fiscal year period by .3% and .1% respectively, while the use of Electrolytic, Caloric and water Balance Drugs increased by .2% in the same period.

Figure 5 presents a subdivision of CNS drugs showing proportional prescription volume within the category. Anti-inflammatories were the most widely prescribed drugs over the past few years; they accounted for 7.4% of all prescriptions in 1986-87 compared to 7.9% in 1983-84. The use of Minor Tranquilizers declined in each of the last four years. These drugs accounted for 4.3% of all prescriptions in 1983-84 compared to 3.7% in 1986-87. Although the proportional use of Analgesics and Antidepressants increased in 1984-85 over the previous fiscal years, no increase was recorded in the fiscal years of 1985-86 or 1986-87. The use of Sedatives and Hynotics and Anti-convulsants remained stable while the use of Major Tranquilizers declined by .1%.

Prescription Drug Plan expenditures for the medical oxygen program totalled $1,353,787. There were 1,814 beneficiaries nominated for coverage; the Prescription Drug Plan made payments on behalf of 1,383 beneficiaries (Table XI and XII).

The Statistical Synopsis does not include approximately 45,700 Exception Drug Status prescriptions covered by the Prescription Drug Plan during 1986-87. Over 11,000 beneficiaries received Exception Drug Status prescriptions during the fiscal year. Total Prescription Drug Plan payment for these prescriptions was $2,202,682. The tables of the Statistical Synopsis do not include 75,922 prescriptions processed on behalf of Medical Services Division and Saskatchewan Aids to Independent Living.

Prescribers

Table VI shows a frequency distribution of prescribers by the number of prescriptions paid by the Prescription Drug Plan during the fiscal year. The table excludes prescribers with fewer than 20 formulary prescriptions during 1986-87. Both new and repeat prescriptions are included in the table. Of the 1,717 prescribers included in Table VI, 634 prescribed between 20 and 499 prescriptions paid by the Prescription Drug Plan and 146 prescribed 10,000 or more prescriptions.

Pharmacies

A total of 390 pharmacy outlets received payment from the Prescription Drug Plan in the fiscal year. Of these, 70% were independent pharmacies and 18.2% were chain outlets (Table IX). The prescription volume in independent pharmacies was 63% in 1986-87 while the volume in chain stores was 28.1%.

Figure 6: Prescription Drug Plan Payment Distribution

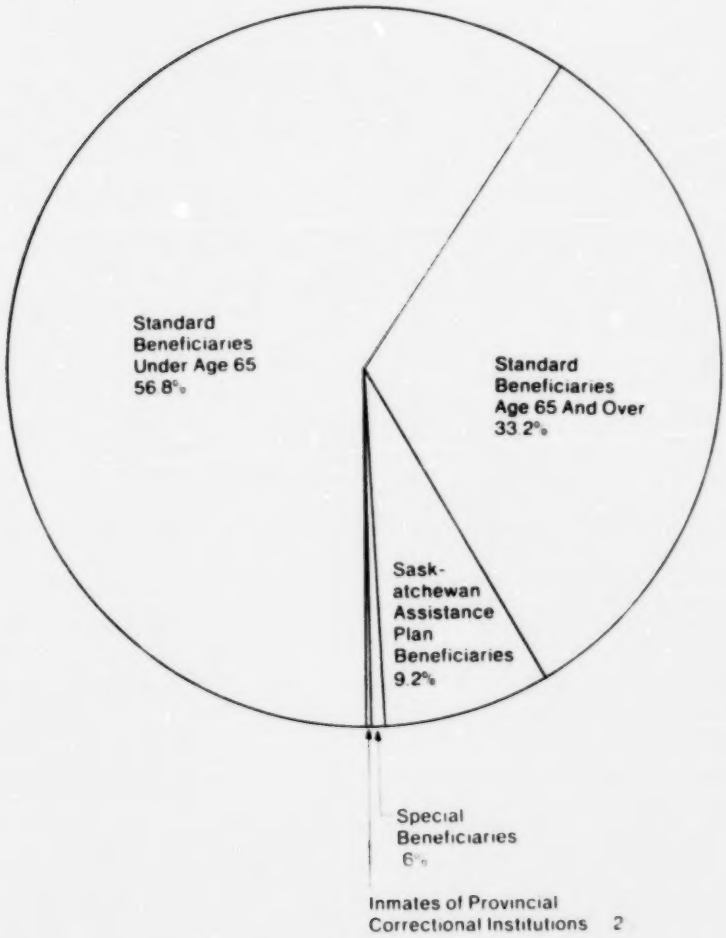

Standard Beneficiaries Under Age 65 56.8%
Standard Beneficiaries Age 65 And Over 33.2%
Sask-atchewan Assistance Plan Beneficiaries 9.2%
Special Beneficiaries 6%
Inmates of Provincial Correctional Institutions 2

Figure 6 shows the current distribution of payments made by the Prescription Drug Plan. Of the total, 56.8% reflects payments made on behalf of Standard Beneficiaries under age 65. The balance, $33,062,130, covers benefits to seniors and to those whose entire health care costs have historically been paid by Saskatchewan Health.

Table I
Prescription Drug Plan Payments to Pharmacies

Statistical Tables[1]	
Prescription Drug Plan Payments	
Drug Material Cost	$67,046,484
Dispensing Fee Subsidy	9,400,406
Prescription Drug Plan Payment[5]	$76,446,890
Manual Adjustments[2]	242,612
Net Payment to Pharmacies	$76,689,502
Financial Statements	
Reimbursements to Pharmacies	
Drug Material Cost[3]	$67,162,035
Dispensing Fee Subsidies[4]	9,527,467
Net Payment to Pharmacies	$76,689,502

[1] Statistical Table I refers to formulary drugs only. Statistical Tables II to XIII do not reflect manual adjustments or exception drugs status expenditures.

[2] Manual adjustments include year-end adjustments made in accordance with accounting policies and other adjustments. See Notes to the Financial Statements page 28

[3] See Statement of Revenue, Expenditure and Fund Balance page 27

[4] Refers to dispensing fee subsidies paid by the Prescription Drug Plan. See Statement of Revenue, Expenditure and Fund Balance page 27

[5] Excludes Inventory Cost Allowance of $2,388,021 paid to pharmacies to cover the high cost of carrying inventory.

Table II
Prescription Costs to Families

Cost to Family (Consumer Cost)[1]	Number of Eligible Families[2]	Number of Prescriptions	Drug Material Cost	Drug Plan Payment[3]	Total Family Payments (Consumer Cost)	Credits to Pharmacies[4]
Non-Users	77,360	—	$ —	$ —	$ —	$ —
$ 0.00 - 10.00	103,490[5]	392,173	3,756,720	5,237,540	509,839	5,747,379
10.01 - 20.00	76,320	358,727	3,656,571	4,280,474	1,165,102	5,445,576
20.01 - 30.00	42,833	331,485	3,690,813	4,222,329	1,088,189	5,310,518
30.01 - 40.00	43,888	440,124	4,971,724	5,637,344	1,541,353	7,178,697
40.01 - 50.00	25,327	333,795	3,755,169	4,253,903	1,143,518	5,397,421
50.01 - 60.00	25,243	388,777	4,439,434	5,015,037	1,387,019	6,402,056
60.01 - 70.00	14,487	270,307	3,155,963	3,554,365	940,449	4,494,814
70.01 - 80.00	15,694	325,066	3,787,375	4,262,433	1,174,413	5,436,846
80.01 - 90.00	9,746	233,364	2,772,891	3,112,037	826,845	3,938,882
90.01 - 100.00	10,822	279,263	3,341,928	3,745,189	1,024,572	4,769,761
100.01 - 150.00	27,813	922,864	11,408,081	12,747,567	3,374,976	16,122,543
150.01 - 200.00	13,412	614,470	7,706,995	8,592,579	2,288,758	10,881,337
200.01 - 300.00	8,944	563,520	7,194,963	8,004,895	2,123,328	10,128,223
300.01 - 400.00	2,074	184,404	2,404,047	2,668,124	701,222	3,369,346
400.01 - 500.00	446	51,206	673,760	747,281	196,068	943,349
500.01 and over	169	25,412	330,050	365,793	96,928	462,721
	498,068	5,714,957	$67,046,484	$76,446,890	$19,582,579	$96,029,469

[1] These figures are based on the declared prescription charges of each pharmacy.

[2] Total number of eligible families derived from the Saskatchewan Hospital Services Covered Population Report, 1986.

[3] Excludes Inventory Cost Allowance.

[4] The sum of Drug Plan Payments plus Total Family Payments (see footnote 1 above). Excludes Inventory Cost Allowance.

[5] Includes non-standard beneficiaries receiving prescriptions without charge.

Table III
Prescription Drug Utilization by Age and Sex of Consumer

Age of Consumer	Eligible Population[1]	Active Beneficiaries[2]	Number of Prescriptions	Drug Material Cost	Drug Plan Payment[3]
Male					
0 - 4 years	40,826	35,328	144,896	$1,061,276	$1,327,956
5 - 14	76,533	46,629	146,128	1,522,291	1,775,353
15 - 24	85,156	49,109	167,559	1,607,781	1,906,694
25 - 34	88,886	51,839	210,622	2,351,145	2,714,588
35 - 44	59,818	36,885	202,416	2,543,246	2,890,353
45 - 54	44,398	28,767	232,536	3,229,490	3,615,904
55 - 64	44,097	31,266	368,661	5,267,077	5,870,437
65 - 74	35,046	27,322	419,357	5,598,425	6,217,559
75 - 84	17,940	15,583	287,069	3,406,872	3,845,201
85 and over	4,649	4,411	87,362	832,467	994,391
Male Total	497,349	327,139	2,266,606	$27,420,070	$31,158,436
Female					
0 - 4 years	38,818	33,195	125,899	$ 869,768	$ 1,100,911
5 - 14	72,917	47,019	143,051	1,333,633	1,585,810
15 - 24	80,784	69,644	385,273	4,760,746	5,417,658
25 - 34	83,852	70,393	422,496	5,252,319	5,941,242
35 - 44	57,227	43,078	296,763	3,498,094	3,987,370
45 - 54	43,474	33,612	342,485	4,078,338	4,636,940
55 - 64	45,116	36,236	489,801	5,985,348	6,759,890
65 - 74	40,059	34,397	603,752	7,272,034	8,163,901
75 - 84	22,480	21,090	454,221	4,977,386	5,700,810
85 and over	7,836	7,760	184,610	1,598,748	1,993,922
Female Total	492,563	396,424	3,448,351	$39,626,414	$45,288,454
Both Sexes					
0 - 4 years	79,644	68,523	270,795	$ 1,931,044	$ 2,428,867
5 - 14	149,450	93,648	289,179	2,855,924	3,361,163
15 - 24	165,940	118,753	552,832	6,368,527	7,324,352
25 - 34	172,738	122,232	633,118	7,603,464	8,655,830
35 - 44	117,045	79,963	499,179	6,041,340	6,877,723
45 - 54	87,872	62,379	575,021	7,307,828	8,252,844
55 - 64	89,213	67,502	858,462	11,252,425	12,630,327
65 - 74	75,105	61,719	1,023,109	12,870,459	14,381,460
75 - 84	40,420	36,673	741,290	8,384,258	9,546,011
85 and over	12,485	12,171	271,972	2,431,215	2,988,313
Grand Total	989,912	723,563	5,714,957	$67,046,484	$76,446,890

[1] Eligible population was derived from the Saskatchewan Hospital Services Plan Covered Population Report, 1986.

[2] Active beneficiaries are persons who received at least one prescription drug paid for by the Prescription Drug Plan. Beneficiaries are grouped in the age groups reflecting their age on the date the last prescription was dispensed.

[3] Includes drug material cost and dispensing fee subsidy plus the prescription charge subsidy for Special Beneficiaries and certain Saskatchewan Assistance Plan Beneficiaries. Excludes Inventory Cost Allowance.

Table IV
Prescription Drug Use by Type of Beneficiary

Type of Beneficiary	Active Beneficiaries[1]	Number of Prescriptions	Drug Plan Payment[2]
Standard Beneficiaries	673,805	5,194,434	$68,765,662
Saskatchewan Assistance Plan Recipients			
— Prescription Charge Subsidized (Plan One)	28,894	201,916	2,819,481
— Prescription Charge Fully Covered			
Special Drugs for Plan One	6,906	28,150	546,963
Dependents of Plan One to Age 18	20,432	67,281	885,982
Plans Two and Three	11,489	198,181	2,907,687
Special Beneficiaries			
— Paraplegics	836	14,513	294,095
— Cystic Fibrosis	105	1,803	47,231
— Chronic Renal Disease	258	8,664	179,200
— Other	1	15	589
Total	723,563	5,714,957	$76,446,890

[1] Total does not equal this column because a beneficiary may be covered in more than one category during the fiscal year.

[2] Excludes Inventory Cost Allowance.

Table V
Prescriptions by Pharmacologic — Therapeutic Classification

Pharmacologic — Therapeutic Classification[1]		Number of Prescriptions	Drug Material Cost	Drug Plan Payment[2]
8:00	Anti-Infectives	1,089,147	$ 7,703,810	$ 9,475,492
12:00	Autonomic Drugs	197,246	2,983,274	3,336,117
20:00	Blood Formation and Coagulation	17,141	141,309	167,724
24:00	Cardiovascular Drugs	1,068,432	14,519,180	16,115,949
28:00	Central Nervous System Drugs	1,283,100	15,785,465	18,000,120
36:00	Diagnostic Agents	38,560	892,231	958,451
40:00	Electrolytic, Caloric and Water Balance	395,085	3,253,088	3,887,720
48:00	Cough Preparations	251	9,670	10,659
52:00	Eye, Ear, Nose and Throat Preparations	216,236	2,195,855	2,537,417
56:00	Gastrointestinal Drugs	171,046	3,589,512	3,864,604
60:00	Gold Compounds	2,679	170,664	174,654
64:00	Metal Antagonists	3,235	106,805	111,488
68:00	Hormones and Substitutes	633,347	7,831,798	8,965,775
76:00	Oxytocics	282	963	1,436
84:00	Skin and Mucous Membrane Preparations	320,603	3,785,825	4,309,313
86:00	Spasmolytics	75,372	880,740	1,007,219
88:00	Vitamins	40,585	167,730	240,224
92:00	Unclassified	112,136	2,310,399	2,488,063
	Extemporaneous Preparations	50,474	718,166	794,465
Total		5,714,957	$67,046,484	$76,446,890

[1] The drug classification system used is that of the American Society of Hospital Pharmacists.

[2] Excludes Inventory Cost Allowance.

Table VI
Prescribers by Number of Prescriptions

Number of Prescriptions[1]	Number of Prescribers[2]		
	Physicians	Dentists	Total
20 - 499	355	279	634
500 - 999	144	12	156
1,000 - 1,999	181	3	184
2,000 - 2,999	109	1	110
3,000 - 3,999	90	–	90
4,000 - 4,999	83	–	83
5,000 - 5,999	84	–	84
6,000 - 6,999	77	–	77
7,000 - 7,999	54	–	54
8,000 - 8,999	60	–	60
9,000 - 9,999	39	–	39
10,000 - 10,999	38	–	38
11,000 - 11,999	26	–	26
12,000 - 12,999	24	–	24
13,000 - 13,999	13	–	13
14,000 - 14,999	13	–	13
15,000 - 19,999	29	–	29
20,000 and over	3	–	3
Total	1,422	295	1,717

[1] Includes new and repeat prescriptions.

[2] Excludes physicians and dentists with fewer than 20 prescriptions during the fiscal year.

Table VII
Prescription Volumes by Number of Pharmacies

Number of Prescriptions	Number of Pharmacies	
	1986-87	1985-86
1 - 10,000	166	182
10,001 - 20,000	135	132
20,001 - 30,000	51	49
30,001 - 40,000	20	21
over 40,000	18	14
Total	390	398

Table VIII
Prescription Volumes by Pharmacy Location

Location of Pharmacy	Number of Pharmacies[1]	Number of Prescriptions	Drug Plan Payment[2]
Single Pharmacy Communities	89	986,309	$12,227,893
2 - 5 Pharmacy Communities	74	1,032,627	13,251,916
Communities With More Than 5 Pharmacies			
Melfort	6	68,111	900,783
Moose Jaw	16	288,849	3,544,237
North Battleford	7	134,285	1,829,078
Prince Albert	13	294,947	3,622,747
Regina	51	1,184,215	17,112,136
Saskatoon	60	1,125,807	16,019,690
Swift Current	7	173,266	2,397,385
Weyburn	6	126,103	1,718,494
Yorkton	9	169,001	2,193,823
Dispensing Doctors	18	86,792	1,063,448
Border Pharmacies	34	44,645	565,260
Total	390	5,714,957	$76,446,890

[1] Includes all pharmacies that received payment from the Prescription Drug Plan in the current fiscal year.

[2] Excludes Inventory Cost Allowance.

Table IX
Pharmacies by Type of Ownership

Type of Ownership	Pharmacies[1] Number	Pharmacies[1] Percent	Prescriptions Number	Prescriptions Percent	Drug Plan Payment[2] Amount	Drug Plan Payment[2] Percent
Independent	273	70.0	3,600,693	63.0	$46,949,598	61.4
Chain[3]	71	18.2	1,607,581	28.1	22,565,281	29.5
Co-operatives	25	6.4	400,788	7.0	5,560,561	7.3
Dispensing Doctor	18	4.6	86,792	1.5	1,063,448	1.4
Hospital Outpatient	3	.8	19,103	.4	308,002	.4
Total	390	100.0	5,714,957	100.0	$76,446,890	100.0

[1] Includes all pharmacies that received payment from the Prescription Drug Plan in the current fiscal year.

[2] Excludes Inventory Cost Allowance.

[3] Defined as common ownership of four or more stores.

Table X
Dispensing Fees and Prescription Charges[1]

	March 31, 1987	March 31, 1986
Maximum dispensing fee[2]	$5.49	$5.30
Average dispensing fee	$5.14	$5.19
Maximum prescription charge	$3.95	$3.95
Average prescription charge	$3.79	$3.84

[1] Based on dispensing fees and declared prescription charges in effect as of March 31 of each year. Prescription charges do not reflect courtesy discounts which some pharmacies provide to senior citizens.

[2] Established in consultation with the Saskatchewan Pharmaceutical Association.

Table XI
Prescription Drug Plan Payment for Oxygen by Type of Beneficiary

Type of Beneficiary	Active Beneficiaries	Oxygen	Delivery	Demurrage	Total Payment
Gaseous Oxygen					
– Standard Beneficiaries	1,249	$ 851,970	$ –	$ –	$ 851,970
– Saskatchewan Assistance Plan	83	102,534	2,657	1,484	106,675
– Special Beneficiaries	9	3,007	–	–	3,007
Gaseous Oxygen Total	1,328[1]	$ 957,511	$ 2,657	$1,484	$961,652
Liquid Oxygen					
– Standard Beneficiaries	113	$ 283,932	$34,822[2]	$ –	$ 318,754
– Saskatchewan Assistance Plan	13	36,138	11,958	12,591	60,687
– Special Beneficiaries	3	10,686	2,008	–	12,694
Liquid Oxygen Total	129[1]	$ 330,756	$48,788	$12,591	$ 392,135
Total	1,383[1]	$1,288,267	$51,445[3]	$14,075[3]	$1,353,787

[1] Total does not equal this column because a beneficiary may be covered in more than one category during the fiscal year.

[2] Transportation of master container to depot.

[3] Recoveries of delivery and demurrage from Medical Services Division and SAIL amounted to $57,870, reducing the total payment to $1,295,917.

Table XII
Oxygen Use by Age and Sex of Beneficiary

Litres of Oxygen	Age 0-24	25-44	45-64	65-74	75-84	85+	Total
Male							
1 - 10,000	10	13	60	118	126	33	360
10,001 - 20,000	4	3	18	33	45	11	114
20,001 - 30,000	2	2	18	16	20	7	65
30,001 - 40,000	1	1	10	16	16	2	46
40,001 - 50,000	–	–	4	10	9	1	24
50,001 - 75,000	5	1	10	22	31	5	74
75,001 - 100,000	2	–	5	13	7	2	29
100,001 - 125,000	–	–	2	8	5	2	17
125,001 - 150,000	–	–	4	9	5	–	18
150,001 - 175,000	–	–	5	7	5	1	18
175,001 - 200,000	–	–	1	6	1	–	8
200,001 - 225,000	–	–	3	2	3	1	9
225,001 - 250,000	–	–	1	6	3	–	10
250,001 and over	4	4	37	51	36	7	139
Male Total	28	24	178	317	312	72	931
Female							
1 - 10,000	12	11	36	50	48	27	184
10,001 - 20,000	–	1	6	17	17	10	51
20,001 - 30,000	2	2	5	10	8	4	31
30,001 - 40,000	–	–	5	6	5	2	18
40,001 - 50,000	–	1	3	5	4	–	13
50,001 - 75,000	–	1	5	10	1	4	21
75,001 - 100,000	2	–	3	6	2	–	13
100,001 - 125,000	1	–	1	1	3	2	8
125,001 - 150,000	–	–	2	4	3	1	10
150,001 - 175,000	–	–	4	2	2	–	8
175,001 - 200,000	–	–	4	–	3	–	7
200,001 - 225,000	–	1	2	3	2	2	10
225,001 - 250,000	–	1	3	2	–	1	7
250,001 and over	3	4	24	26	13	1	71
Female Total	20	22	103	142	111	54	452
Total	48	46	281	459	423	126	1,383

Table XIII
Drug Material Cost by Manufacturer

Manufacturer	Drug Material Cost 1986-87	1985-86
Abbott Laboratories Ltd.	$ 922,057	$ 797,511
Alcon Canada Inc.	177,616	145,043
Allen and Hanburys	2,875,486	2,178,747
Allergan Inc.	157,473	103,184
Ames Company	109,435	100,167
Apotex Inc.	1,426,473	1,000,138
Astra Pharmatek/Astra Labs	516,764	470,151
Ayerst Laboratories	4,312,595	3,456,722
Beecham Laboratories Inc.	62,540	12,417
Berlex Canada Inc.	672	–
Boehringer Ingelheim (Canada) Ltd.	833,303	599,666
Boehringer Mannheim (Canada) Ltd.	699,769	497,149
Bristol Laboratories of Canada	266,334	194,524
Burroughs Wellcome Inc.	973,779	827,532
Ciba Pharmaceuticals	1,353,970	1,201,371
Connaught Laboratories Ltd.	42,825	86,497
Connaught Novo Ltd.	932,751	812,134
Coopervision Inc.	33,642	28,498

Manufacturer	Drug Material Cost 1986-87	1985-86
Du Pont Canada, Inc.	191,417	154,194
Fisons Corporation Ltd.	1,335,354	1,057,662
Flint Laboratories of Canada	11,097	9,857
Frosst	2,696,801	2,426,301
Geigy Pharmaceuticals	3,225,610	2,067,630
Glaxo Laboratories	525,640	427,352
Hoechst Canada Inc.	612,896	493,112
Hoffmann-LaRoche Ltd.	712,827	672,027
Frank W. Horner Inc.	377,449	146,851
I.C.I. Pharma	953,446	482,256
ICN Canada Ltd.	461,074	467,406
Janssen Pharmaceutica Inc.	375,650	187,960
Jouveinal Laboratories Inc.	2,818	3,230
Kenral Inc.	4,010	24,881
K-Line Pharmaceuticals Ltd.	93,820	80,213
Knoll Pharmaceuticals Canada Inc.	5,626	285
Lederle Cyanamid Canada Inc.	288,951	251,777
Lee-Adams Laboratories	5,090	1,159
Leo Laboratories Canada Ltd.	88,011	–
Lifescan Medical Products	61,540	29,477
Eli Lilly Canada Inc.	2,244,513	1,768,699
McNeil Pharmaceutical (Canada) Ltd.	564,333	492,308
Merck Sharp & Dohme Canada	4,529,208	4,080,986
Merrell Dow Pharmaceuticals (Canada) Inc.	558,254	501,070
Miles Pharmaceuticals	2,032,268	1,534,590
Nadeau Laboratory Ltd.	3,338	8,453
Nordic Laboratories Inc.	2,530,963	1,386,968
Norwich-Eaton	738,915	417,501
Novopharm Ltd.	2,505,502	2,424,960
Organon Canada Ltd./Ltee	69,935	59,396
Ortho Pharmaceutical (Canada) Ltd.	1,639,442	1,337,258
Parke-Davis Canada Inc.	1,648,330	1,230,451
Pennwalt Inc.	123,899	67,724
Pentagone Pharma Inc.	4,516	5,919
Pfizer Canada Inc.	1,933,913	2,834,150
Pharmacia (Canada) Inc.	50,406	76,475
Pharmascience Inc.	71,092	74,495
Purdue Frederick Inc.	180,494	119,013
Reed & Carnrick	77,978	43,089
Rhone-Poulenc Pharma Inc.	1,572,419	1,352,497
Riker Canada Inc.	36,429	27,978
A. H. Robins Canada Inc.	192,012	177,123
Rorer Canada Inc.	124,592	83,821
Rougier Inc.	2,802	4,224
Roussel Canada Inc.	243,291	210,640
Sabex International (1980) Ltd.	432	579
Sandoz Canada Inc.	1,895,600	1,739,725
Schering Canada Inc.	737,033	656,818
G. D. Searle & Co. of Canada Ltd.	1,204,898	1,081,047
Servier Canada Inc.	104	–
Smith Kline & French Canada Ltd.	2,345,526	2,121,299
Squibb Canada Inc.	1,956,360	1,357,170
Stanley Drug Products Ltd.	29,749	25,605
Stiefel Canada Inc.	54,775	50,674
Syncare	384,389	235,155
Syntex Inc.	872,301	1,107,795
Technilab Inc.	12,057	–
Trans Canaderm Inc.	60,585	42,548
The Upjohn Company of Canada	1,480,142	1,328,152
USV Canada Inc.	37,292	35,960
Westwood Pharmaceuticals	82,932	69,601
Winthrop Laboratories	655,341	397,359
Wyeth Ltd.	3,113,347	2,900,191
Extemporaneous Preparations[1]	718,166	551,906
Total	**$67,046,484**	**$55,516,453**

[1] Extemporaneous Preparations are compounded by the pharmacist.

Saskatchewan Prescription Drug Fund

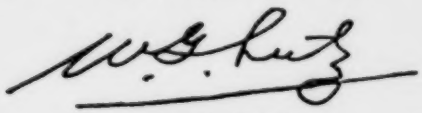
Financial Statements
Year Ended March 31, 1987

Auditor's Report

To the Members of the Legislative Assembly
Province of Saskatchewan

I have examined the statement of revenue, expenditure and fund balance of the Saskatchewan Prescription Drug Fund for the year ended March 31, 1987. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, this financial statement presents fairly the financial position of the Fund as at March 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting principles disclosed in Note 1 to the financial statement applied on a basis consistent with that of the preceding year.



Regina, Saskatchewan,
June 26, 1987

W. G. Lutz, F.C.A.,
Provincial Auditor.

Saskatchewan Prescription Drug Fund

Statement of Revenue, Expenditure and Fund Balance

Year Ended March 31

	1987	1986
Operating Revenue:		
Grant — Department of Health	$82,633,923	$67,606,000
Other	3,894	25,705
	82,637,817	67,631,705
Operating Expenditure:		
Reimbursements		
Drug material costs	67,162,035	54,960,223
Special status drugs	2,195,150	1,554,740
Oxygen	1,290,334	1,069,151
Drug cost advances (recoveries) — net (Note 5)	(104,987)	112,523
Dispensing fee subsidies	9,527,467	8,356,092
Inventory cost allowance	2,418,769	1,582,833
Other	79,850	35,743
	82,568,618	67,671,305
Surplus (deficit) for the year	69,199	(39,600)
Fund balance, beginning of year	(65,305)	—
Other revenue transferred to the Consolidated Fund	(3,894)	(25,705)
Fund balance (deficiency), end of year	$ —	$ (65,305)
Comprised of:		
Outstanding cheques in excess of cash	$ —	$ (65,305)

(See accompanying notes to the financial statements)

Notes to the Financial Statements

March 31, 1987

1. **Accounting Policies**

   a) Basis of Accounting

   The accounts of the Saskatchewan Prescription Drug Fund are maintained on a modified cash basis for a fiscal year commencing on April 1 and ending on March 31. Revenues are recorded as received and expenditures are charged to the accounts when payment is made. In addition, revenues received in April which apply to the preceding fiscal year are taken into revenue of the preceding fiscal year, and payments made during April which are for goods and services received in the preceding fiscal year are taken into expenditure of the preceding fiscal year. With respect to reimbursement of drug costs and subsidies, payments made during April related to drugs dispensed in the preceding fiscal year are only reflected as expenditures of the previous fiscal year to the extent that claims for payment were received by March 31.

   b) Grant — Department of Health

   Pursuant to The Prescription Drugs Act, moneys appropriated by the Legislature for the purpose of the Act are credited to the Fund. In addition, any surplus remaining from the appropriations received during the year is returned to the Consolidated Fund of the Province of Saskatchewan at the end of the year, reducing the reported amount of the grant. In determining the amount of the surplus, other revenues received, which are periodically transferred to the Consolidated Fund throughout the year, are excluded.

2. **Authority**

   The Saskatchewan Prescription Drug Fund, established under the authority of Section 8(1) of The Prescription Drugs Act, effective April 1, 1975, is used to account for a program established under that Act to provide assistance to residents of Saskatchewan in purchasing drugs they require for preventative, diagnostic or therapeutic purposes.

3. **Related Party Transactions**

   In accordance with established government policy, the Fund has not been charged with certain costs including occupancy, office services and personnel administration. These costs have been absorbed by various departmental appropriations. In addition, the Administrative Services Division of the Department of Health is responsible for all remaining administration costs of the Fund. No provision for these costs is reflected in these financial statements.

4. **Subsequent Payments**

   In accordance with the accounting policy described in Note 1a), reimbursements related to the period ended March 31, 1987 not reflected in these statements total $1,412,868 (1986 — $1,302,154).

5. **Drug Cost Advances (Recoveries)**

   In certain situations, the Fund advances payment for the cost of drugs on behalf of the Medical Services Division and the Saskatchewan Aids to Independent Living program of the Department of Health. The Department reimburses the Fund for these costs. If there is a balance unrecovered at year end, it is reflected as "advances." Receipt of this balance in the subsequent year is reflected as "recoveries."

6. **Plan Amendment**

   Subsequent to the year end, the government announced its intention to modify the Drug Plan to require that drug costs above a certain deductible be reimbursed to beneficiaries rather than directly to pharmacies.